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| LFC Requester: | |
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AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 2/4/2026 *Check all that apply:*
Bill Number: SB 217 Original Correction
 Amendment Substitute

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**Agency Name
and Code** AOC
Number: 218

**Person Writing
Analysis:** Martin Burkhardt/Kelly Bradford

Short Title: AMENDING LIQUOR TAX
DISTRIBUTIONS/DEFINITIONS **Phone:** 505-819-
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Nonrecurring | Fund Affected |
|---------------|------|------------------------------|------------------|
| FY26 | FY27 | | |
| | | | |
| | | | |

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

| Estimated Revenue | | | Recurring or Nonrecurring | Fund Affected |
|-------------------|------|------|---------------------------------|------------------------|
| FY26 | FY27 | FY28 | | |
| | | | Recurring | AOC Drug Court Fund |
| | | | | |

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY26 | FY27 | FY28 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|-------------|-------------|-------------|------------------------------|--------------------------------------|--------------------------|
| Total | | | | | | |

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

None

Conflicts:

None

SECTION III: NARRATIVE

BILL SUMMARY

SB217 amends the distributions of the Liquor Excise Tax (LET), imposes a liquor excise surtax, states where revenue from the new surtax will be appropriated and removes liquor excise tax from the definition of gross receipts tax.

Synopsis:

SB217 amends the distribution of the liquor excise tax, but no changes to the distributions are defined in the bill, but adds “Barrel” and “Retailer” to the definitions of what is used in the LET act. 45% of the LET are disbursed to the local DWI grant fund, 5% to the Drug Court fund and \$20,750 is given monthly to qualifying municipalities for the provision of alcohol treatment and rehabilitation services for street inebriates. The remaining 50% is assumed to go to the general fund, but the bill does not explicitly state this.

SB217 adds a liquor excise surtax of 3%. All net receipts from the liquor excise surtax will be disbursed to the Tribal Alcohol Harms Alleviation fund.

SB217 amends the definition of Gross Receipts Tax, removing Liquor Excise Tax from the definition.

Effective date of the provisions of this act is July 1, 2026.

FISCAL IMPLICATIONS

SB217 states that 5% of LET revenue will be disbursed to the drug court fund. This continues the current rate, so there does not appear to be any changes to the percentage of revenue allotted to the AOC.

Although the *percentage* of the disbursement to the AOC is unchanged, the change in definition of Gross Receipts Tax (GRT) to exclude LET may lessen the amount of monies generated from the Liquor Excise Tax thus lowering the amount of revenue disbursed to the drug court fund. The amount of potential revenue loss is unknown.

SIGNIFICANT ISSUES

Currently the AOC receives 5% of LET revenue, and this money is placed in the drug court fund. LET revenue pays for the statewide treatment court case management system, supplemental funding for treatment courts, and other important services. Supplemental funding for treatment

courts includes funding for drug and alcohol testing and substance abuse treatment services. A reduction in revenue from the LET may result in truncated services for treatment court participants.

PERFORMANCE IMPLICATIONS

SB217 does not present any performance impacts to the courts.

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

SB217 removes Liquor Excise Tax from the definition of Gross Receipts Tax. It is unclear if this removal is procedural or a substantive change resulting in less LET revenue. This is compounded by the addition of the Liquor Excise surtax of 3%. It is unclear if the 3% surtax offsets revenue (if any) generated by including LET in the definition of GRT, or if the surtax is simply an additional tax. If the surtax is designed to offset revenue generated by the LET then the Judiciary could see less money added to the Drug Court fund if this bill passes.

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS